

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

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December 23, 2008

Case 14259

Via e-mail and U.S. Mail

David K. Brooks
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Edge Petroleum Operating Company, Inc.
Case No. 14259 notice matters
South Lovington 25 Well No. 1
1977 feet FNL & 330 feet FWL §25-16S-36E

Dear Mr. Brooks:

The subject well is located in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ §25. In the event that the well is placed in the Northeast Lovington-Upper Pennsylvanian Pool, applicant requests (i) a non-standard unit comprised of the SW $\frac{1}{4}$ NW $\frac{1}{4}$ §25, and (ii) an unorthodox oil well location. At the conclusion of the hearing you requested back-up data on interest ownership and notice given by applicant.

Attached is a listing of mineral interest owners in (a) the SW $\frac{1}{4}$ NW $\frac{1}{4}$ §25 (the requested 40 acre well unit), (b) the SE $\frac{1}{4}$ NW $\frac{1}{4}$ §25, and (c) the S $\frac{1}{2}$ NE $\frac{1}{4}$ §26. The following notice was given:

1. Non-Standard Unit: Under Division rules, applicant was required to give notice to interest owners excluded from the well unit. Please note that all interest owners in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ §25, which is the 40 acres excluded from the non-standard unit, also own interests in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ §25. However, a number of people are leased (or force pooled) into the well unit, but are unleased in the 40 acres excluded from the non-standard unit. Thus, notice was given to persons whose interests may be greater (8/8 of their mineral interests) in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ §25 than in the non-standard well unit, where they are receiving only a royalty share.

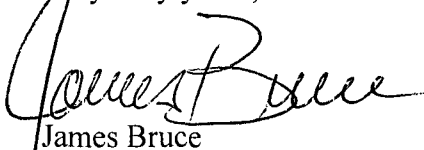
Please note that, as Mr. Michalak testified at hearing, if an 80 acre unit is to be formed it would be comprised of the S $\frac{1}{2}$ NW $\frac{1}{4}$ §25, because Edge Petroleum Exploration Company and its main working interest partners, Chisos, Ltd., Pure Energy Group, Inc., own a 50% (unleased) interest in the S $\frac{1}{2}$ NW $\frac{1}{4}$ §25 (as well as additional leased interests). They do not own any interest in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ §25, and a stand-up unit would not be formed. Thus, notice was not given to interest owners in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ §25.

2. Unorthodox Location: Under Division rules, applicant was required to give notice to offset operators or mineral owners. Again, except for the interest owners in bold on the attached list, all interest owners in the offsetting S $\frac{1}{2}$ NE $\frac{1}{4}$ §26, which is the offsetting acreage to the unorthodox location, also own interests in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ §25. The difference, again, is that some interest owners are leased in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ §25, but not in the offset acreage. Thus, their interests in the offset acreage are greater (8/8 of their mineral interests) than in the 40 acre well unit, where they are receiving only a royalty share. As a result, notice was given to them.

Where someone's interest in the S $\frac{1}{2}$ NW $\frac{1}{4}$ §25 and S $\frac{1}{2}$ NE $\frac{1}{4}$ §26 was identical, they were not given notice of the hearing.

Please contact me if you need any additional information.

Very truly yours,

A handwritten signature in cursive script, appearing to read "James Bruce".

James Bruce

Attorney for Edge Petroleum Operating Company, Inc.

Case No. 14259
Edge Petroleum Operating Company, Inc.

1. <u>SW¼NW¼ of Section 25 (well unit for the South Lovington 25 Well No. 1).</u>		
Edge Petroleum Exploration Company	participated (unleased)	1/4
Chisos, Ltd.	participated (unleased)	1/8
Pure Energy Group, Inc.	participated (unleased)	1/8
Trustee of the Amended and Restated Trust Agreement dated June 17, 1999 (Anderson Carter, Trustor)	force pooled	15/512
Carter Family Minerals, LLC	leased	15/512
Trustees of the Coates Energy Trusts	leased	25/320
CRJ Resources, LLC	leased	1/4 x 1/32
LM Robinson, LLC	leased	1/4 x 1/32
Herring's Carter Minerals, LLC	leased	1/4 x 1/32
Marjory J. Dye Trust	leased	1/8 x 1/32
Carter Legacy, LLC	leased	2/3 x 1/8 x 1/32
Brian Murphy-Dye	leased	1/3 x 1/8 x 1/32
Harry J. Schaeffer, Trustee of the Mary E. Grisso Trust No. 1	leased	2/15 x 1/32
Bank of America, Trustee (f/b/o Maggie Grisso, Pauline E. Martin, Wayne A Grisso, and D.H. Grisso)	force pooled	11/15 x 1/32
Elizabeth Staggs Huckabay, Trustee of the Mary Kathryn Grisso Revocable Trust U/A dated June 7, 1996	leased	2/15/ x 1/32
The Fasken Foundation	leased	5% x 2/32
Randy Geiselman	force pooled	1.8% x 2/32
Dorchester Minerals, L.P.	leased	74.3% x 2/32
Maecenas Minerals, L.L.P.	force pooled	18.9% x 2/32
Estate of Lydian Hall Woods	leased	5/320
Clarence L. Rash, Executor of the Estate of Myrtle Lee Malone	force pooled	1/32
Black Stone Minerals Company, L.P.	leased	1/16
Carl A. Schellinger	leased	1/512
Branex Resources, Inc.	leased	51% x 1/512
EMG Oil Properties, Inc.	leased	49% x 1/512
Theodore O. Reed, Trustees of the John W. Pilant and Jean H. Pilant Family Trust U/A dated September 23, 1986	force pooled	1/256
Mercantile Trading Corporation	force pooled	1/256
First Presbyterian Church Foundation	leased	1/256
PJC Limited Partnership	leased	1/64

S.P. Johnson, III and Barbara Jo Johnson, Trustees of the S.P. Johnson, III and Barbara Jo Johnson Trust U/T/A dated January 24, 1985	leased	1/64
Edward Armstrong Elkan, Jr., as separate property	force pooled	50% x 78/125 x 3/256
Harold Alston Elkan and Nancy H. Elkan, as joint tenants	force pooled	50% x 78/125 x 3/256
Aetna Bess Eaves Berry, as separate property	leased	47/125 x 3/256
James Reed McCrory, as separate property	leased	3/512
Trustee of the W.T. Reed Trust	leased	3/512
The Long Trusts	force pooled	95.875% x 6/2560
Billy Glenn Spradlin	leased	4.125% x 6/2560
Tom R. Cone, as separate property	participated (unleased)	3/2560
Cathy Auvenshine a/k/a Cathy McCown, as separate property	force pooled	3/2560
Kenneth G. Cone, as separate property	force pooled	3/2560
Rita D. Schenck, Klein Bank, and Rowdy William Carl Schenck, Trustees of Trust A-2 under the Kirby D. Schenck and Rita D. Schenck Revocable Trust U/A dated October 2, 1991	leased	50% x 3/512
Rita D. Schenck, Klein Bank, and Rowdy William Carl Schenck, Trustees of Trust B under the Kirby D. Schenck and Rita D. Schenck Revocable Trust U/A dated October 2, 1991	leased	25% x 3/512
Rita D. Schenck, Klein Bank, and Rowdy William Carl Schenck, Trustees of Trust B-GST under the Kirby D. Schenck and Rita D. Schenck Revocable Trust U/A dated October 2, 1991	leased	25% x 3/512
Estate of Betty Sue Jones	leased	1/512
Arland Hamilton Bishop, as separate property	leased	1/512
John Ray Bishop, as separate property	leased	1/512
Drew Edward Bishop, as separate property	leased	1/512
Annis Roberts, Trustee of the Vicki Jeanne Saari Special Needs Trust	force pooled	5/256
Dale M. Sanders, as separate property	leased	5/256

2.	<u>SE$\frac{1}{4}$NW$\frac{1}{4}$ of Section 25 (acreage excluded from 80 acre well unit).</u>		
	Edge Petroleum Exploration Company	participated (unleased)	1/4
	Chisos, Ltd.	participated (unleased)	1/8
	Pure Energy Group, Inc.	participated (unleased)	1/8
	Trustee of the Amended and Restated Trust Agreement dated June 17, 1999 (Anderson Carter, Trustor)		15/512
	Carter Family Minerals, LLC		15/512
	Trustees of the Coates Energy Trusts		25/320
	CRJ Resources, LLC	leased	1/4 x 1/32
	LM Robinson, LLC	leased	1/4 x 1/32
	Herring's Carter Minerals, LLC	leased	1/4 x 1/32
	Marjory J. Dye Trust	leased	1/8 x 1/32
	Carter Legacy, LLC	leased	2/3 x 1/8 x 1/32
	Brian Murphy-Dye	leased	1/3 x 1/8 x 1/32
	Harry J. Schaeffer, Trustee of the Mary E. Grisso Trust No. 1		2/15 x 1/32
	Bank of America, Trustee (f/b/o Maggie Grisso, Pauline E. Martin, Wayne A Grisso, and D.H. Grisso)		11/15 x 1/32
	Elizabeth Staggs Huckabay, Trustee of the Mary Kathryn Grisso Revocable Trust U/A dated June 7, 1996		2/15/ x 1/32
	The Fasken Foundation	leased	5% x 2/32
	Randy Geiselman		1.8% x 2/32
	Dorchester Minerals, L.P.		74.3% x 2/32
	Maecenas Minerals, L.L.P.		18.9% x 2/32
	Estate of Lydian Hall Woods	leased	5/320
	Clarence L. Rash, Executor of the Estate of Myrtle Lee Malone		1/32
	Black Stone Minerals Company, L.P.		1/16
	Carl A. Schellinger		1/512
	Branex Resources, Inc.		51% x 1/512
	EMG Oil Properties, Inc.		49% x 1/512
	Theodore O. Reed, Trustees of the John W. Pilant and Jean H. Pilant Family Trust U/A dated September 23, 1986		1/256
	Mercantile Trading Corporation		1/256
	First Presbyterian Church Foundation		1/256
	PJC Limited Partnership		1/64
	S.P. Johnson, III and Barbara Jo Johnson, Trustees of the S.P. Johnson, III and Barbara Jo Johnson Trust U/T/A dated January 24, 1985		1/64

Edward Armstrong Elkan, Jr.,		
as separate property		50% x 78/125 x 3/256
Harold Alston Elkan and Nancy		
H. Elkan, as joint tenants		50% x 78/125 x 3/256
Aetna Bess Eaves Berry,		
as separate property	leased	47/125 x 3/256
James Reed McCrory,		
as separate property		3/512
Trustee of the W.T. Reed Trust		3/512
The Long Trusts		95.875% x 6/2560
Billy Glenn Spradlin		4.125% x 6/2560
Tom R. Cone, as separate property	participated (unleased)	3/2560
Cathy Auvenshine a/k/a Cathy		
McCown, as separate property		3/2560
Kenneth G. Cone, as separate property		3/2560
Rita D. Schenck, Klein Bank, and Rowdy		
William Carl Schenck, Trustees of Trust		
A-2 under the Kirby D. Schenck and Rita		
D. Schenck Revocable Trust U/A dated		
October 2, 1991		50% x 3/512
Rita D. Schenck, Klein Bank, and Rowdy		
William Carl Schenck, Trustees of Trust		
B under the Kirby D. Schenck and Rita		
D. Schenck Revocable Trust U/A dated		
October 2, 1991		25% x 3/512
Rita D. Schenck, Klein Bank, and Rowdy		
William Carl Schenck, Trustees of Trust		
B-GST under the Kirby D. Schenck and		
Rita D. Schenck Revocable Trust U/A		
dated October 2, 1991		25% x 3/512
Estate of Betty Sue Jones		1/512
Arland Hamilton Bishop,		
as separate property		1/512
John Ray Bishop, as separate property		1/512
Drew Edward Bishop,		
as separate property		1/512
Annis Roberts, Trustee of the Vicki		
Jeanne Saari Special Needs Trust		5/256
Dale M. Sanders, as separate property		5/256

3. S½NE¼ of Section 26 (unorthodox location offset owners).

Edge Petroleum Exploration Company	participated (unleased)	1/4
Chisos, Ltd.	participated (unleased)	1/8
Pure Energy Group, Inc.	participated (unleased)	1/8

Trustee of the Amended and Restated Trust Agreement dated June 17, 1999 (Anderson Carter, Trustor)		15/512
Carter Family Minerals, LLC	leased	15/512
Trustees of the Coates Energy Trusts		25/320
CRJ Resources, LLC	leased	1/4 x 1/32
LM Robinson, LLC	leased	1/4 x 1/32
Herring's Carter Minerals, LLC	leased	1/4 x 1/32
Marjory J. Dye Trust	leased	1/8 x 1/32
Carter Legacy, LLC	leased	2/3 x 1/8 x 1/32
Brian Murphy-Dye	leased	1/3 x 1/8 x 1/32
Harry J. Schaeffer, Trustee of the Mary E. Grisso Trust No. 1	leased	2/15 x 1/32
Bank of America, Trustee (f/b/o Maggie Grisso, Pauline E. Martin, Wayne A Grisso, and D.H. Grisso)		11/15 x 1/32
Elizabeth Staggs Huckabay, Trustee of the Mary Kathryn Grisso Revocable Trust U/A dated June 7, 1996	leased	2/15/ x 1/32
The Fasken Foundation	leased	5% x 2/32
Randy Geiselman		1.8% x 2/32
Dorchester Minerals, L.P.		74.3% x 2/32
Maecenas Minerals, L.L.P.		18.9% x 2/32
Estate of Lydian Hall Woods	leased	5/320
Clarence L. Rash, Executor of the Estate of Myrtle Lee Malone		1/32
Black Stone Minerals Company, L.P.	leased	1/16
Carl A. Schellinger	leased	1/512
Branex Resources, Inc.	leased	51% x 1/512
EMG Oil Properties, Inc.	leased	49% x 1/512
Theodore O. Reed, Trustees of the John W. Pilant and Jean H. Pilant Family Trust U/A dated September 23, 1986		1/256
Mercantile Trading Corporation		1/256
First Presbyterian Church Foundation	leased	1/256
PJC Limited Partnership	leased	1/64
S.P. Johnson, III and Barbara Jo Johnson, Trustees of the S.P. Johnson, III and Barbara Jo Johnson Trust U/T/A dated January 24, 1985	leased	1/64
June D. Speight, as separate property		3/1024
Bobbi Ann Logan, as separate property		1/3 x 9/1024
James L. Dow, as separate property		1/3 x 9/1024
John G. Byers, as separate property		1/4 x 1/3 x 9/1024
John G. Byers, Jr., as separate property		3/8 x 1/3 x 9/1024

Barbara B. Van Tine, as separate property		3/8 x 1/3 x 9/1024
James Reed McCrory,		
as separate property	leased	3/512
Trustee of the W.T. Reed Trust	leased	3/512
The Long Trusts		95.875% x 6/2560
Billy Glenn Spradlin	leased	4.125% x 6/2560
Tom R. Cone, as separate property	participated (unleased)	3/2560
Cathy Auvenshine a/k/a Cathy		
McCown, as separate property		3/2560
Kenneth G. Cone, as separate property		3/2560
Rita D. Schenck, Klein Bank, and Rowdy		
William Carl Schenck, Trustees of Trust		
A-2 under the Kirby D. Schenck and Rita		
D. Schenck Revocable Trust U/A dated		
October 2, 1991	leased	50% x 3/512
Rita D. Schenck, Klein Bank, and Rowdy		
William Carl Schenck, Trustees of Trust		
B under the Kirby D. Schenck and Rita		
D. Schenck Revocable Trust U/A dated		
October 2, 1991	leased	25% x 3/512
Rita D. Schenck, Klein Bank, and Rowdy		
William Carl Schenck, Trustees of Trust		
B-GST under the Kirby D. Schenck and		
Rita D. Schenck Revocable Trust U/A		
dated October 2, 1991	leased	25% x 3/512
Estate of Betty Sue Jones	leased	1/512
Arland Hamilton Bishop,		
as separate property	leased	1/512
John Ray Bishop, as separate property	leased	1/512
Drew Edward Bishop,		
as separate property	leased	1/512
Annis Roberts, Trustee of the Vicki		
Jeanne Saari Special Needs Trust		5/256
Dale M. Sanders, as separate property	leased	5/256

NOTES:

1. Edge Petroleum Exploration Company, Chisos, Ltd., Pure Energy Group, Inc., and Tom R. Cone are working interest partners in the South Lovington Well No. 1.
2. Where there is not a notation after an interest owner's name, he is unleased in that tract.
3. The interest owners in bold represent the only difference in mineral ownership between the S½NW¼ of Section 25 and the S½NE¼ of Section 26.